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## Central Intelligence Agency



Washington, D.C. 20505

24 MAR 1982

MEMORANDUM FOR: Under Secretary for International Trade  
Department of Commerce

SUBJECT: The Japanese Exchange Rate

REFERENCE: Your memo to the DCI dated 6 March 1981, subject: The  
Japanese Exchange Rate

1. Regarding your memorandum of 6 March, the Agency will do a study on whether the yen is undervalued. The Japan Branch, Office of East Asian Analysis has proposed a two part paper. It will address Japanese capital controls which inhibit yen appreciation and also measure the impact changes in the yen would have on Japan's trade surplus. We expect to complete the study by June. [redacted]

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2. As [redacted] Chief, Japan Branch recently told Mr. Wethington of your office, we believe Tokyo has consistently followed a policy of retarding foreign demand for yen. The government's purpose apparently has been to keep as tight a control of the domestic money supply as possible, even though a side benefit has been a relatively undervalued yen. [redacted]

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William J. Casey  
Director of Central Intelligence

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